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November 30, 2005

William Catlett
General Manager
Bullock Pen Water District
One Farrell Drive
P. O. Box 188
Crittenden, KY 41030

CERTIFICATE OF SERVICE

RE: Case No. 2005-00297
Bullock Pen Water District / City of Williamstown Water Department / Corinth Water
District

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on November 30, 2005.

Executive Director

BOD/jc
Enclosure

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William Hill
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Corinth Water District
215 Thomas Lane
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400 N. Main Street
P. O. Box 147
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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 2005-00297
WILLIAMSTOWN)

ORDER

The city of Williamstown, Kentucky ("Williamstown") and Bullock Pen Water District ("Bullock District") have submitted an agreed order to the Commission in which the parties have resolved all issues involving Williamstown's proposed rate adjustment. The Commission shall consider this agreed order as a joint motion for approval of the parties' agreement. We grant this motion and approve the parties' proposed terms.

On May 25, 2005, Williamstown proposed to adjust its existing rate for wholesale water service to Bullock District and Corinth Water District ("Corinth District") effective for service on and after September 1, 2005. After Bullock District objected to the proposed adjustment and requested an investigation, the Commission suspended the proposed wholesale rate and initiated an investigation into the proposed rate adjustment.¹

During the discovery phase of this proceeding, Williamstown and Bullock District conducted negotiations to resolve Bullock District's objections to the proposed rate adjustment. Under the parties' agreement, Williamstown's wholesale rate shall be \$2.63 per 1,000 gallons of water. The parties further agree that Williamstown will not

¹ Corinth District neither objected to the proposed wholesale rate nor subsequently sought to intervene in this proceeding.

"seek a wholesale water rate increase. . .for a period of two (2) years from October 1, 2005."²

Having considered the motion and being otherwise sufficiently advised, the Commission finds that the motion should be granted and that the proposed wholesale rate adjustment, as revised, be approved. The purpose of the Commission's jurisdiction over a municipal utility's wholesale transactions with a public utility is to ensure that any public utility "consumer/customer that has contracted and become dependent for its supply of water from a city utility is not subject to either excessive rates or inadequate service." Simpson County Water District v. City of Franklin, Ky., 872 S.W.2d 460, 465 (1994).

In the case at bar, this purpose has been served. The affected public utility made clear its objections to the proposed rate adjustment. Addressing the concerns of this public utility, Williamstown has revised its proposed rate to reflect these concerns. Bullock District has withdrawn its objections to the proposed adjustment as revised.

As the proposed rates on their face appear neither unreasonable nor unconscionable, the Commission sees no need to conduct further proceedings in this matter.

IT IS THEREFORE ORDERED that:

1. Williamstown is authorized to assess a rate of \$2.63 per 1,000 gallons for wholesale water service rendered to Bullock District on and after the date of this Order.

² The parties' agreement is silent upon a wholesale water service rate for Corinth District. Since no evidence has been submitted to support differing wholesale water service rates, we assume that the wholesale water service rate to which the parties have agreed is meant to apply to all jurisdictional utilities.

2. Absent extraordinary and unforeseen circumstances, Williamstown shall not apply for or otherwise seek an increase in its wholesale water service rate to Bullock District or Corinth District prior to October 1, 2007.

Done at Frankfort, Kentucky, this 30th day of November, 2005.

By the Commission

ATTEST.



Executive Director